

AMENDED IN ASSEMBLY MAY 25, 2012

AMENDED IN ASSEMBLY SEPTEMBER 1, 2011

AMENDED IN ASSEMBLY JUNE 14, 2011

SENATE BILL

No. 711

**Introduced by Senator Rubio
(Coauthor: Senator Calderon)**

February 18, 2011

An act to ~~add Section 3016 to~~ amend Sections 3008, 3205.2, and 3227 of, and to add Section 3011 to, the Public Resources Code, relating to public resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 711, as amended, Rubio. Public resources: oil and gas: underground injection of gas.

Existing law establishes the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation and provides the division with the authority to regulate oil and gas wells and production facilities. Existing law defines "well" to mean, among other things, a well drilled for the purpose of disposing of waste fluids from an oil or gas field. Existing law requires a person engaging in the operation of a class II commercial wastewater disposal well to file an indemnity bond with the State Oil and Gas Supervisor.

This bill would revise this definition of "well" to mean a well used for the purposes of disposing of waste fluids brought to the surface in connection with conventional oil or gas production and may be commingled with wastewater from gas plants that are an integral part of production operations, unless those wastewaters are classified as hazardous waste at the time of injection.

Existing law requires an operator of a well to file with the supervisor a report containing, among other things, information on the disposition of the water produced from an oil or gas field, the amount of fluid injected into a well used for enhanced recovery, and wastewater disposal.

This bill would require a person engaging in the operation of a class II commercial waste fluid disposal well to file with the supervisor an indemnity bond. The bill would require an operator of a well to file with the supervisor a report containing information on the disposal of fluid and the composition of fluid in an oil or gas field, and additionally require the report to include the composition of fluid injected into a well.

~~*This bill would authorize the division to permit the underground injection of a gas, as defined, including the constituents associated with the gas that are produced in downhole in connection with exploration, development, or production operations for the purposes of disposal.*~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. (a) The Legislature finds and declares both of*
- 2 *the following:*
- 3 *(1) The federal Safe Drinking Water Act (42 U.S.C. Sec. 300h*
- 4 *et seq.) was enacted to protect underground sources of drinking*
- 5 *water from contamination caused by underground injection of*
- 6 *waste and other substances. The federal regulations implementing*
- 7 *the federal act refer to wells that inject fluid associated with oil*
- 8 *and gas production operations as class II injection wells (40 C.F.R.*
- 9 *Sec. 146.5 (b)). In California, wells used to inject fluids associated*
- 10 *with oil and gas production operations are regulated by the*
- 11 *Division of Oil, Gas, and Geothermal Resources (DOGGR) under*
- 12 *Chapter 1 (commencing with Section 3000) of Division 3 of the*
- 13 *Public Resources Code. In 1982, DOGGR entered into a primacy*
- 14 *agreement with the United States Environmental Protection Agency*
- 15 *pursuant to Section 1425 of the federal act providing DOGGR*
- 16 *with primacy in regulation of class II injection wells in California.*
- 17 *(2) Clarification is needed to confirm the extent of the state's*
- 18 *regulatory authority over wells used to dispose of waste fluids,*
- 19 *including gas, from an oil or gas field.*

1 ***(b) In enacting this measure, it is the intent of the Legislature***
2 ***to establish the policy of the state as all of the following:***

3 ***(1) This measure is to be interpreted and implemented consistent***
4 ***with the United States Environmental Protection Agency's***
5 ***interpretation regarding fluids that are authorized to be injected***
6 ***into class II injection wells in the federal regulations and the***
7 ***guidance documents.***

8 ***(2) The use of the term "conventional" in Section 3008 of the***
9 ***Public Resources Code should be interpreted, consistent with the***
10 ***United States Environmental Protection Agency's interpretation***
11 ***and guidance documents, to include all forms of primary,***
12 ***secondary, and tertiary oil or natural gas production.***

13 ***(3) The use of the phrase "wastewater from gas plants" in***
14 ***Section 3008 of the Public Resources Code should be interpreted,***
15 ***consistent with the United States Environmental Protection***
16 ***Agency's interpretation and guidance documents, to include any***
17 ***form of waste fluid intrinsically derived from the process of***
18 ***removing produced water, gas, or other constituents from the***
19 ***product stream as part of primary field operations, if these fluids***
20 ***are not regulated as hazardous waste at the time of injection.***

21 ***(c) It is further the intent of the Legislature, in enacting this***
22 ***measure:***

23 ***(1) To ensure that DOGGR's authority to regulate waste fluid***
24 ***disposal wells is consistent and coextensive with what is allowed***
25 ***for a class II injection well under the federal act.***

26 ***(2) To validate all previous approvals granted by DOGGR for***
27 ***conducting class II waste fluid disposal operations consistent with***
28 ***Section 146.5(b)(1) of Title 40 of the Code of Federal Regulations***
29 ***and that those operations should be regulated by DOGGR pursuant***
30 ***to Chapter 1 (commencing with Section 3000) of Division 3 of the***
31 ***Public Resources Code.***

32 ***SEC. 2. Section 3008 of the Public Resources Code is amended***
33 ***to read:***

34 3008. (a) "Well" means ~~any~~ ***an oil or gas well or well for the***
35 ***discovery of oil or gas; any a well on lands producing or reasonably***
36 ***presumed to contain oil or gas; any a well drilled used for the***
37 ***purpose of injecting fluids or gas for stimulating oil or gas***
38 ***recovery, repressuring or pressure maintenance of oil or gas***
39 ***reservoirs, or disposing of waste fluids from an oil or gas field;***
40 ***any brought to the surface in connection with conventional oil or***

1 *gas production and that may be commingled with wastewater from*
2 *gas plants that are an integral part of production operation, unless*
3 *those wastewaters are classified as hazardous waste at the time*
4 *of injection; a well used to inject or withdraw gas from an*
5 *underground storage facility; or—any a well drilled within or*
6 *adjacent to an oil or gas pool for the purpose of obtaining water*
7 *to be used in production stimulation or repressuring operations.*

8 (b) “Prospect well” or “exploratory well” means—~~any~~ a well
9 drilled to extend a field or explore a new, potentially productive
10 reservoir.

11 (c) “Active observation well” means a well being used for the
12 sole purpose of gathering reservoir data, such as pressure or
13 temperature in a reservoir being currently produced or injected by
14 the operator, and the data is gathered at least once every three
15 years.

16 (d) “Idle well” means—~~any~~ a well that has not produced oil or
17 natural gas or has not been used for injection for six consecutive
18 months of continuous operation during the last five or more years.
19 An idle well does not include an active observation well.

20 (e) “Long-term idle well” means—~~any~~ a well that has not
21 produced oil or natural gas or has not been used for injection for
22 six consecutive months of continuous operation during the last 10
23 or more years. A long-term idle well does not include an active
24 observation well.

25 (f) “Monitoring well” means a well used for the purposes of
26 measuring reservoir pressures and temperatures; tracking
27 subsurface fluid movement; or determining the physical, chemical,
28 biological, or radiological properties of subsurface fluid.

29 SEC. 3. Section 3011 is added to the Public Resources Code,
30 to read:

31 3011. “Fluid” means a material or substance that flows or
32 moves whether in a semisolid, liquid, sludge, gas, or other form
33 or state and includes both hydrocarbon and nonhydrocarbon gases.

34 SEC. 4. Section 3205.2 of the Public Resources Code is
35 amended to read:

36 3205.2. (a) Notwithstanding Section 3204, ~~any~~ a person who
37 engages in the operation of a class II commercial-wastewater waste
38 fluid disposal well, as defined in subdivision (d), shall file an
39 indemnity bond with the supervisor for fifty thousand dollars
40 (\$50,000) for each well so used. The bond shall cover all operations

1 of drilling, redrilling, deepening, altering casing, maintaining, or
2 abandoning the well and attendant facilities. The bond shall be
3 executed by the person as the principal, and by an authorized surety
4 company as the surety, and, except for differences in the amount,
5 shall be in substantially the same language and upon the same
6 conditions as provided in Section 3204.

7 (b) A blanket bond submitted under subdivision (a) or (c) of
8 Section 3205 may be used in lieu of the bond required in
9 subdivision (a), except that the termination and cancellation shall
10 be in accordance with subdivision (c) of this section.

11 (c) Notwithstanding Section 3207, ~~any~~ a bond issued in
12 compliance with this section may be terminated and canceled and
13 the surety relieved of all obligations ~~thereunder~~ *under the bond*
14 when the well is properly abandoned or another valid bond has
15 been substituted ~~therefor~~ *for the bond*.

16 (d) A class II commercial ~~wastewater~~ *waste fluid* disposal well
17 is a well that is used to dispose of oilfield ~~wastewater~~ *waste fluid*
18 for a fee and that is regulated by the division pursuant to this
19 chapter and Subpart F (commencing with Section 147.250) of Part
20 147 of Title 40 of the Code of Federal Regulations.

21 *SEC. 5. Section 3227 of the Public Resources Code is amended*
22 *to read:*

23 3227. (a) The owner of ~~any~~ a well shall file with the
24 supervisor, on or before the last day of each month, for the last
25 preceding calendar month, a statement, in the form designated by
26 the supervisor, showing all of the following:

27 ~~(a)~~

28 (1) The amount of oil and gas produced from each well during
29 the period indicated, together with the gravity of the oil, the amount
30 of water produced from each well, estimated in accordance with
31 methods approved by the supervisor, and the number of days during
32 which fluid was produced from each well.

33 ~~(b)~~

34 (2) The number of wells drilling, producing, injecting, or idle,
35 that are owned or operated by the person.

36 ~~(c)~~

37 (3) What disposition was made of the gas produced from each
38 field, including the names of persons, if any, to whom the gas was
39 delivered, and ~~any~~ other information regarding the gas and its
40 disposition that the supervisor may require.

1 ~~(d)~~

2 (4) What disposition was made of the ~~water fluid~~ produced from
3 each field, and the *composition and* amount of fluid or gas injected
4 into each well used for enhanced recovery, underground storage
5 of hydrocarbons, or waste ~~water fluid~~ disposal and ~~any~~ other
6 information regarding those wells that the supervisor may require.

7 ~~Any~~

8 (b) An operator that produces oil by the application of mining
9 or other unconventional techniques shall file a report with the
10 supervisor, on or before March 1 of each year, showing the amount
11 of oil produced by those techniques in the preceding calendar year.

12 ~~Upon~~

13 (c) *Upon* request and making a satisfactory showing ~~therefor~~
14 *for the request*, a longer filing period may be established by the
15 supervisor for any particular owner or operator.

16 SECTION 1. ~~Section 3016 is added to the Public Resources~~
17 ~~Code, to read:~~

18 3016. ~~The division shall have the authority to permit the~~
19 ~~underground injection of gas, as defined in Section 3007, including~~
20 ~~the constituents associated with the gas that are produced from~~
21 ~~downhole in connection with exploration, development, or~~
22 ~~production operations for the purposes of disposal.~~